



**Orange and Rockland Utilities, Inc.  
Case No. 14-E-0493**

**Pomona Distributed Energy Resources Quarterly  
Expenditures and Program Report**

**Q1 - 2021**

**Reporting Period: November 1, 2020 – January 31, 2021**

**March 25, 2021**

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## Executive Summary

This Report covers the Pomona Distributed Energy Resources (“DER”) Program’s (“Pomona Program”) activities and costs for the first reporting period of 2021 (Q1-2021), which took place between November 1, 2020 – January 31, 2021. During this period, Orange and Rockland Utilities, Inc. (“O&R” or the “Company”) completed the Pomona Program.

As of January 31, 2021, the Company has achieved a reduction of 4.1 MW peak demand through O&R’s Small Business Direct Install (“SBDI”), Commercial and Industrial (“C&I”) Existing Building energy efficiency (“EE”) programs and the deployment of the utility-scale battery storage system (“Battery”). The Company partnered with Key Capture Energy (“KCE”) to plan, design, permit, install and operate the Battery.

In Q1-2021, the Company and KCE completed the execution phase of the Battery Project. The Company successfully commissioned the Battery as of December 22, 2020. The Company will now close out the Pomona NWA Program. As such, this will be the last quarterly report that will be filed for the program.

## 1 Background

On October 16, 2015, the New York Public Service Commission (“Commission”) approved the Pomona Program as part of the 2015 Electric Rate Order.<sup>1</sup> The Company intends to delay construction of the Pomona Substation and associated facilities by implementing DER and demand side management (“DSM”) programs that will provide up to 6.0 MW of peak load reduction. The Company’s quarterly reports will include, as applicable, relevant information on the Pomona DER programs including costs incurred by initiative, in-service dates for capital investments, and participation levels for customer demand reduction and EE programs. Every fourth quarter report will include information regarding the Company’s progress toward the 100-basis point earning opportunity.

## 2 Program Status

### 2.1 Costs and Recovery

During Q1-2021, the Company spent \$5,503,777 on the Pomona Program. As of January 31, 2020, the Company has spent a total of \$9,182,840 on the Pomona Program (See Table 2-1 below). The costs are associated with legal costs, internal labor, equipment, payment to the Battery contractor and project management. The Joint Proposal adopted by the Commission in

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<sup>1</sup> Case 14-E-0493, *Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of Orange and Rockland Utilities, Inc. for Electric Service*, Order Adopting Terms of Joint Proposal and Establishing Electric Rate Plan, (issued October 16, 2015) (“2015 Electric Rate Order”).

Case 18-E-0067<sup>2</sup> provides that the revenue requirement of the Pomona Program will be amortized over ten years.

**Table 2 – 1: Pomona DER Program Quarterly Cost<sup>3</sup>**

Programs / Projects	November 2020	December 2020	January 2021	TOTAL
Capital Overhead (\$)	\$82,124	\$546,710	\$-284,473	<b>\$344,361</b>
Labor (\$)	\$6,635	\$1,910	\$1,002	<b>\$9,547</b>
Battery Costs (\$)	\$1,724,431	\$12,683	\$3,412,755	<b>\$5,149,869</b>
<b>TOTAL (\$)</b>	<b>\$1,813,190</b>	<b>\$561,303</b>	<b>\$3,129,284</b>	<b>\$5,503,777</b>

The Company finalized and filed its General Accounting Procedure (“GAP”) with the Commission during Q1-2016. The GAP provides for treatment of costs and collections associated with the Pomona Program and established internal billing accounts to manage Pomona Program expenses.

## 2.2 Operational Savings

The Company defines “operational savings” as reductions in costs incurred or expected to be incurred by the Company through its implementation of the Pomona Program, as compared with the costs associated with the construction of the Pomona Substation and associated facilities. In accordance with the 2015 Electric Rate Order, the Company will annually report in the fourth quarter on DSM and capital investment operational savings as projects are designed and deployed.

## 2.3 Community Engagement and Outreach

The Company Marketplace continues to engage customers online. The online store (“My ORU Store”) is available to customers to learn more about and purchase energy efficient household products and home services. Many items offer instant rebates, which make adoption of DER and EE offerings easy and affordable.

In March 2020, as COVID spread throughout its service territory, the Company ceased all marketing efforts, including weekly emails promoting offers on the Marketplace. This pause

<sup>2</sup> Case 18-E-0067, *Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of Orange and Rockland Utilities, Inc. for Electric Service*, Order Adopting Terms of Joint Proposal and Establishing Electric Rate Plan, (issued November 9, 2018).

<sup>3</sup> Numbers shown in Table 2-1 incorporate rounding

remained in effect through Q3-2020 during which most of the Company's communication were centered on safety messages to customers.

The Company continued external communications efforts related to the implementation of the Battery such as notifying customers of tree cutting activities scheduled to occur at the Battery site. A letter with contact information was left at the customer's premise if the customer was not home. The Company also continued to communicate and update the Palisades Interstate Park Commission and produced signs notifying hikers of alternative entrances to the hiking trail. In Q4-2020, the Company continued outreach efforts with the Town of Ramapo and the fire department to keep them informed on the Battery Project's progress and construction status.

In Q1-2021, the Project was given final approval by the Town of Ramapo Building Inspector and the local fire department. Both stakeholders visited the site and inspected the installation of the Battery before giving their final approval to operate the project.

### 3 Program Activity

This section details activity within currently deployed programs, a forecast of the programs to be deployed during the next quarter, and an update on the portfolio of DER solutions being evaluated, designed, and prepared for deployment.

#### 3.1 Deployed Programs

O&R currently implements several existing EE and Demand Response customer incentive solution programs across its service territory. The Company achieved the desired reduction of more than 1.1 MW as part of its SBDI program. There have been no changes since the last report.

**SBDI and C&I Existing Buildings:** The Company's SBDI program provides small businesses, with an average peak demand of less than 110 kW, with a free on-site energy savings evaluation and an incentive of up to 70% of the cost to conduct recommended EE upgrades. These include high-efficiency lighting upgrades, heating, ventilation, and cooling system tune-ups, and refrigeration upgrades. As part of its Outreach and Engagement Plan, the Company meets with local chambers of commerce and advertises the program through direct mailings, bill inserts, and radio spots. In addition, the Company has aired cable and radio advertisements to promote the SBDI program. In addition, the Company conducted follow-up engagements to reinforce the program's value and to assess the need for program modifications. The SBDI program focused on demand reduction with enhanced rebate offerings for participation in the targeted Pomona area, and offered free on-site savings evaluation and an increased incentive toward the installed cost of the measures. Each business was evaluated on a case-by-case basis

and was not subject to a maximum average peak demand eligibility criterion. The Company completed the SBDI program in Pomona and achieved a demand reduction on the critical circuits.

**Direct Load Control (“DLC”) - Bring Your Own Thermostat (“BYOT”)**: This program targets residential customers and offers them an opportunity to become active managers of their energy usage. The Company incentivizes customers to purchase smart thermostats and enroll them in the BYOT program. Knowledge of this program is achieved through multiple channels. Customers are informed of opportunities through direct mailings, education and outreach programs, and hyperlinks on the O&R website to residential incentives and rebates, and through the My ORU Store. The Company provides a discounted price on smart thermostats, along with an added rebate for enrolling in the Company’s DLC program. Residents agree to participate in up to ten events and one test from May 1 through September 30 (“Capability Period”). Events consist of brief, limited adjustments to a central air-conditioner setting, conducted by O&R during the Capability Period, not-to-exceed four hours, between 11:30 a.m. and 11:00 p.m. Customers also receive an annual incentive based on their performance in this program, starting with the second summer of enrollment. There are currently 231 customers with 377 thermostats in the Pomona area enrolled in the existing DLC program that can provide approximately 231 kW of load relief in the future.

**C&I DR - Commercial System Relief Program (“CSRP”) & Distribution Load Relief Program (“DLRP”)**: The Company offers two Demand Response programs within its service territory targeting C&I customers. The Company initiated these programs in 2015. Customers participating in the CSRP and DLRP receive a monthly incentive payment based on kW pledged along with a payment for demonstrated load reduction during an event. Customers participating in the DLRP in the Pomona area receive higher reservation payments. Customers have the opportunity to participate voluntarily in one or both programs. Voluntary participation provides a customer more flexibility with an incentive focused solely on the kWh performance during a Demand Response event. The DLRP provides customers at least two hours advance notice to respond, while the CSRP provides customers at least 21 hours advance notice. The 2020 Capability Period runs from May 1 – September 30. In 2020, three customers representing a total of 580 kW of load relief are enrolled in the Company’s CSRP. Of those three customers, one is enrolled in the Company’s DLRP, representing 400 kW of load relief. The Company will continue to recruit eligible customers through outreach and marketing, including bill inserts, direct mailers, e-blasts, informational webinars and in-person meetings.

### 3.2 Battery Project Deployment Forecast

In Q1-2021, the Company completed the installation and commissioning of the Battery. Permission to Operate (“PTO”) was provided on 12/22/20. The Battery is operational and is

available for the Company to dispatch to meet needs on the affected circuits. The Company will continue to develop internal operational processes to dispatch the Battery to maximize its load relief potential. These processes will govern how the Company operates the Battery to meet distribution system needs. The Company will also work with internal stakeholders to register the Battery with the New York Independent System Operator (NYISO). The Company anticipates that the Battery will participate in NYISO markets when the Battery is not required for distribution system reliability. No further updates on the status of the Battery deployment are anticipated with this project.

### 3.3 Portfolio Development Update

The Company issued an RFP for an energy storage system on December 6, 2017. The Company received 17 proposals to the RFP in Q2-2018. The Company's subject matter experts evaluated the proposals and held in-person interviews with short-listed bidders. The Company completed development of the associated benefit cost analysis ("BCA") in Q4-2018 and selected KCE to plan, design, permit, install and operate the Company's Battery Project in Pomona. The Company completed an environmental assessment of the Battery Project as well as the Vendor Risk Assessment ("VRA") of KCE. In Q2-2020, KCE and O&R finalized and executed the Battery contracts.

The Company presented its final plan and proposal for the Battery system at a public Planning Board hearing in Q1-2020 and received its final approval to move forward with the project. O&R continued to work with KCE on the interconnection studies and on the design of the Battery system and finalized its drawing plans in Q1-2020.

The Company continued site preparation work in Q4-2020. The Company constructed the ground grid, poured and solidified the foundation for pads to locate multiple equipment. The Company also worked to install pole work to facilitate the interconnection of the Battery Project with the Company's distribution infrastructure.

Based on the discussions that KCE and O&R had with the Town officials and the fire department, a private service water line and fire hydrant were installed approximately 600 feet from the Battery site. In Q1-2021, the Company completed the water line work to accommodate the fire hydrant. The Battery and remaining electrical equipment were delivered on site in late November after the fire hydrant work was complete. In December 2020, electric work and equipment installation was complete, Inverter verification and Battery capacity tests were complete, and the Project received permission to operate as of December 22, 2020.

The in-service status of the Battery concludes the capital portion of the Pomona NWA program. The Company had to work together across multiple departments to construct the various portion of the project to successfully interconnect the Battery energy storage system

and commission it. As a result, the Company intends to close out the Pomona NWA program and continue to operate and maintain the Battery.

Table 3-1 provides a snapshot of DER solutions categories that the Company deployed as well as the current list of deployed solutions.

**Table 3-1: Solution Categories (Defined vs. Deployed)**

	Design Stage*	Deployment Stage**
<b>Customer Incentive Solutions</b>		
C&I EE program (SBDI and C&I) -		<b>Complete</b>
Direct Load Control - Direct Install		✓
C&I DR - Distribution Load Relief Program		✓
<b>Capital Investment Solutions</b>		
Battery-based Energy Storage		✓
<p>* “Design Stage” refers to early efforts, during the quarter, to determine whether to proceed, and if so, how to proceed to implementation in a manner consistent with the objectives of the Program.</p> <p>** “Deployment Stage” refers to implementation efforts underway that are serving to meet the objectives of the Program.</p>		

## 4 Summary

In Q1-2021, the Company completed the completed the Pomona NWA program by putting the Battery project in-service. The Company has so far achieved 4.1 MW of load reduction in total for the Pomona load pocket (3MW of Energy Storage and 1.1 MW of Energy Efficiency), which will defer the construction of a substation for the next ten years in the Pomona load pocket.

In Q1-2021, the Company completed the construction on the civil portion of the Battery, the infrastructure to interconnect the Battery with the distribution system, and energized the Battery. The Company had to collaborate closely with its vendor KCE and multiple other internal stakeholders to complete this project in a very short amount of time. The Company also completed the installation of a water line and installation of a fire hydrant to serve the Battery as required by the local fire department and first responders.

The Company is working with its internal stakeholders to develop dispatch procedures and intends to register the Battery with the NYISO to allow for Battery participation in NYISO markets when not needed for distribution needs. The commissioning of the Battery project concludes the Pomona NWA program. The Company will continue to operate and maintain the



asset and will look to participate in additional markets to earn incremental revenue. As the Company is closing out this project, this will be the last quarterly report filed for the Pomona program.